



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 6c

**ACTION ITEM**

**Date of Meeting** August 11, 2020

**DATE:** August 3, 2020

**TO:** Stephen P. Metruck, Executive Director

**FROM:** Eileen Francisco, Acting Director - Aviation Facilities and Capital Programs  
Wayne Grotheer, Director - Aviation Project Management Group

**SUBJECT:** Concourse C Temporary Air Handling Units (CIP#801149)

**Amount of this request:** \$1,950,000  
**Total estimated project cost:** \$2,000,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to (1) complete design, (2) advertise and execute a major public works construction contract, and (3) utilize Port crews for preconstruction activities for the Concourse C Temporary Air Handling Units project at Seattle-Tacoma International Airport. This authorization is for \$1,950,000, for a total estimated project cost of \$2,000,000.

**EXECUTIVE SUMMARY**

The existing Air Handling Units (AHUs) on Concourse C are at maximum capacity and are no longer able to meet current demands. Additional air is needed for tenant buildouts of additional Airport Dining and Retail (ADR) spaces and new restrooms. Two additional AHUs will be added on the roof of Concourse C to provide additional air until a planned future project will upsize all the existing AHUs on Concourse C. The future project which will upgrade and replace all the AHUs and add smoke control will take several years to complete due to the size and complexity of the project. These temporary units are needed now to meet existing lease agreements with tenants and to support the new restrooms that will be built in 2021 to improve passenger experience.

**JUSTIFICATION**

Three ADR leases have been signed to replace a single existing restaurant space. The new leases consist of two restaurants and a retail space which requires additional air capacity as compared to the previous single restaurant. The restrooms on Concourse C are being replaced to provide better passenger experience and are increasing the turnover rate of air in the restrooms from eight times per minute to twenty times per minute. These modifications exceed the existing system's capacity.

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Adding the two temporary units will provide the additional capacity for the next five to ten years until the future project to upgrade all the air handlers, including the addition of smoke control, can be completed. This larger project will also replace and upgrade all the AHUs on Concourses B and D which are at the end of useful life.

***Diversity in Contracting***

The project team with the Diversity in Contracting Department determined a Small Business Utilization requirement of five percent for the IDIQ Design contract. For the major works construction contract the aspirational goal for participation of WMBE is six percent.

**DETAILS**

This project installs two new energy efficient AHUs to provide additional air capacity to Concourse C to improve passenger experience.

***Scope of Work***

The project requires additional air capacity in two zones at Concourse C. To accomplish the work:

- (1) Design services for this scope of work will be provided under existing indefinite delivery, indefinite quantity (IDIQ) design services contract.
- (2) Two, 5,000 CFM AHUs will be installed on the roof of Concourse C and have heating and chilled water connected from the campus systems, along with direct digital controls wiring for control and monitoring of the equipment. A major public works construction project will be used to perform the work.

***Schedule***

*Activity*

Design start	2020 Quarter 3
Construction start	2021 Quarter 1
In-use date	2021 Quarter 4

***Cost Breakdown***

	This Request	Total Project
Design	\$200,000	\$250,000
Construction	\$1,750,000	\$1,750,000
Total	\$2,000,000	\$2,000,000

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1** – Rent two temporary units instead of purchasing them.

Cost Implications: \$2,800,000

Pros:

- (1) May be able to get the units installed sooner.

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Cons:

- (1) Higher cost.
- (2) May not meet seismic requirements.

This is not the recommended alternative.

**Alternative 2** – Purchase and install two, 5,000 cfm AHUs and required auxiliary equipment.

Cost Implications: \$2,000,000

Pros:

- (1) Provides the air required to complete all projects in the area.

Cons:

- (1) Requires capital investment.
- (2) Only a 5-10-year solution until a future larger project replaces all the existing AHUs.

***This is the recommended alternative.***

**FINANCIAL IMPLICATIONS**

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
<b>COST ESTIMATE</b>			
Original estimate	\$2,000,000	\$0	\$2,000,000
<b>AUTHORIZATION</b>			
Previous authorizations	\$50,000	\$0	\$50,000
Current request for authorization	\$1,950,000	\$0	\$1,950,000
Total authorizations, including this request	\$2,000,000	\$0	\$2,000,000
Remaining amount to be authorized	\$0	\$0	\$0

***Annual Budget Status and Source of Funds***

This project, CIP# C801149 was not included in the 2020-2024 capital budget and plan of finance. A budget transfer of \$2,000,000 was transferred from the Aeronautical Reserve CIP# (C800753) resulting in zero net change to the Aviation capital budget. The funding source will be revenue bonds.

***Financial Analysis and Summary***

Project cost for analysis	\$2,000,000
Business Unit (BU)	Terminal Building
Effect on business performance (NOI after depreciation)	NOI after depreciation will increase due to inclusion of capital (and operating) costs in airline rate base
IRR/NPV (if relevant)	N/A
CPE Impact	\$.01 in 2022

***Future Revenues and Expenses (Total cost of ownership)***

This project will add additional equipment and will impact current Aviation Maintenance O&M costs.

**ATTACHMENTS TO THIS REQUEST**

- (1) Presentation slides

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

None